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ABSTRACT

This bulletin provides an overview of the need for services for the children of working mothers. Topics discussed include historical developments in industry day care programs, alternative roles for industry involvement, costs of operating day care centers, and income tax allowances. Also given are examples of unique programs which suggest various ways in which industry can play a more realistic role in day care development. (Author/MK)

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day care services: industry's involvement

Bulletin 296

1971

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FOREWORD

The Women's Bureau, in its efforts to focus attention on the serious problem of day care needs and to help bring about solutions, continues to explore developments in the field of day care services as they relate to working mothers.

As our economy expands its utilization of womanpower and as our Nation grows more concerned with the development of its children, especially during their early formative years, additional ways must be found to fill the gap between what is available in child care and what is needed.

At this time there is no one solution to meeting the greatly expanded need for child care services, but it is hoped that industry, which clearly has a stake in this, will accept responsibility to help solve the problem. A number of hospitals, a few companies, two unions, and several Federal Government agencies are leading the way. Others are maintaining a lively interest in day care, and some are developing plans for active participation. However, much more remains to be done.

This is the first published report by the Government which consolidates data on industry day care programs, and we hope it will spur additional activity in the provision of these services. It was prepared by Arthur Besner, with contributions from Beatrice Rosenberg, under the supervision of Pearl G. Spindler, Chief, Division of Legislation and Standards.

We wish to thank those companies that cooperated in providing information and in reviewing the data presented here.

ELIZABETH DUNCAN KOONTZ
Director, Women's Bureau

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INTRODUCTION

While the number of working mothers and the need for child care services have been rising steadily over the years, industry has shown only an occasional interest in providing services for the children of these workers. In recent years, however, there has been increasing concern. Yet, this interest has been translated into actual programs in only a limited number of instances.

Information about industry-related day care operations has been revealed sporadically through the various news media and at day care conferences sponsored by the public and private sectors. To learn more about industry's involvement, the Bureau requested the assistance of State licensing agencies and chambers of commerce in identifying private concerns that operate day care programs for children of their employees or as a public service available to other children. Further, the Bureau contacted various components of industry and researched printed material on the subject. The findings are presented here. There may be additional industry-sponsored day care programs that have not been brought to the attention of the Bureau.

This bulletin provides an overview of the need for services for the children of working mothers and reports on the past and present contributions of industry. It also discusses income tax allowances and gives examples of unique programs which suggest various ways in which industry can play a more realistic role in day care development. Franchise and other proprietary operations are not included in this bulletin.

LABOR FORCE PARTICIPATION OF WOMEN

TRENDS

Overview.—Today's increasing interest by industry and business in day care parallels the rise in the participation of women in the labor force.

Women accounted for about two-thirds of the total increase in the labor force from 1940 to 1970. There were 31.5 million women 16 years of age and over in the civilian labor force in 1970.

Manpower needs and consumer demands of our expanding economy, as well as changing social and cultural patterns, are expected to bring ever-increasing numbers of women into the labor force.

Participation of mothers.—Labor force participation of mothers has risen even more dramatically than that of other women. From 1940 to 1970 the labor force participation rate of mothers rose almost 5 times, from 9 to 42 percent (table 1). In contrast, the rate of all women rose only 1½ times, from 28 to 43 percent.

Table 1.—Labor Force Participation Rates of Mothers and of All Women,[1] Selected Years, 1940–70

Year	Mothers [2]	All women [3]
1970	42.0	42.6
1967	38.2	41.1
1964	34.5	37.4
1960	30.4	36.7
1950	21.6	33.1
1940	8.6	28.2

[1] Includes women 16 years of age and over in 1967 and 1970 but 14 years and over in earlier years.
[2] Data are for March of each year.
[3] Annual averages.
Source: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of the Census.

Since 1948 [1] the proportion of mothers who work has steadily increased about 1 percentage point a year. Between 1948 and 1960 the participation rate rose more slowly for mothers with children under 6 years of age than for those with children 6 to 17 years only (see chart). Between 1960 and 1967 the rate for mothers of young children increased much faster than for other mothers, but over the next 3 years the rise was the same. Fifty-two percent of the mothers with children 6 to 17 years only and 32 percent of those with children under 6 were in the labor force in 1970.

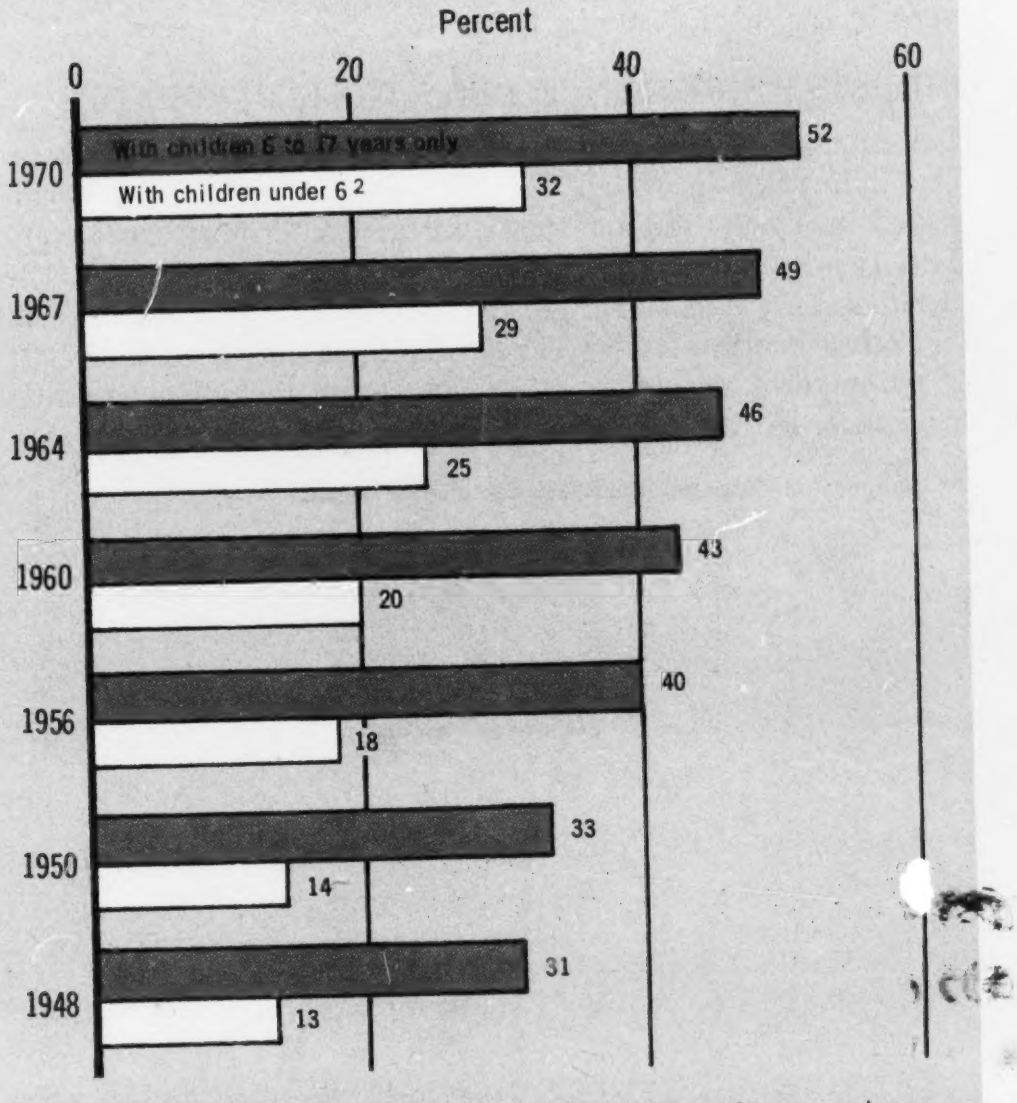
INDUSTRY'S RELIANCE UPON WOMEN WORKERS

A number of industries rely heavily upon women workers. The industries in which 250,000 or more women were employed in April 1970 are shown in table 2. Women were more than two-thirds of all workers in apparel and other textile products manufacturing, general merchandising, and medical and other health services. They accounted for more than half of all employees in many other industries, including banking, insurance, eating and drinking places, and personal services.

[1] Comparable data not available for earlier years.

MOTHERS ARE MORE LIKELY TO WORK TODAY THAN EVER BEFORE

Labor Force Participation Rates of Mothers, by Age of Children, Selected Years, 1948-70[1]



[1] Includes women 16 years of age and over in 1967 and 1970 but 14 years and over in earlier years. Data are for March of each year, except 1948 when data are for April.

[2] May also have older children.

Source: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of the Census.

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Table 2.—Industries Employing 250,000 or More Women, April 1970

Industry	Employed women	
	Number	As percent of total employed
Finance, insurance, and real estate:		
Banking	655,700	63
Insurance carriers	541,900	52
Government:		
Local	3,622,100	50
State	1,115,500	42
Federal	767,000	27
Manufacturing:		
Apparel and other textile products	1,117,800	81
Women's and misses' outerwear	364,800	85
Men's and boys' furnishings	317,100	84
Electrical equipment and supplies	769,400	39
Fabricated metal products	256,100	18
Food and kindred products	431,000	25
Textile mill products	446,700	46
Printing and publishing	359,300	32
Machinery (except electrical)	306,300	15
Retail trade:		
General merchandise stores	1,552,300	69
Department stores	1,014,600	69
Variety stores	251,300	78
Eating and drinking places	1,411,300	57
Food stores	608,600	35
Grocery, meat, and vegetable stores	509,800	33
Apparel and accessories stores	467,500	66
Drug stores and proprietary stores	263,300	60
Services (miscellaneous):		
Medical and other health	2,456,400	81
Hospitals	1,508,900	81
Personal	620,700	62
Laundries and drycleaning plants	336,100	66
Educational	575,200	48
Colleges, universities	284,100	41
Miscellaneous business	523,200	34
Hotels, tourist courts, and motels	340,500	51
Transportation and public utilities:		
Communication	552,000	50
Telephone	505,400	55
Wholesale trade	869,000	23

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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THE DAY CARE PROBLEM

THE NEED

Projections made in 1967 indicated that the number of children born in each of the following 10 years would increase sharply.[2] As of July 1969 there were 22 million children aged 5 and under. In 1969 there were 4.5 million children under 5 years of age with mothers in the labor force.[3] It has been estimated that day care in licensed centers and family homes is available for only about 640,000 children.[4] It has also been estimated that those who need such services total 8 to 10 times that number.[5] In addition, there is a great need for after-school day care programs for children of school age. The need for day care will continue to increase in the decade ahead because of:

a growing number of children aged 5 and younger;
the accelerating trend in employment of mothers;
increased emphasis on providing child care services for welfare mothers who desire to work;
widespread awareness that a child's early years are of crucial importance to his future.

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[2] U.S. Department of Commerce, Bureau of the Census: Current Population Reports, P-25, No. 381. 1967.

[3] U.S. Department of Commerce, Bureau of the Census: "Statistical Abstract of the United States." Table 64. 1970.

[4] U.S. Department of Health, Education, and Welfare: March 1969 preliminary data. (March 1970 estimate is 778,000 children.)

[5] House Republican Conference, Task Force on Education and Training: "Report on Programs for Early Childhood." In *Congressional Record*, April 2, 1970.

CHILD CARE ARRANGEMENTS

There is no indication that dramatic changes have taken place since 1965, when the most recent survey of child care arrangements of working mothers was made. The survey was limited to mothers who worked 27 weeks or more, either part time or full time, in 1964 and who had at least one child under 14 years of age living at home. It showed that these 6.3 million mothers had a total of 12.3 million children under 14 years; of these children, 3.8 million were under 6 years.[6]

Less than half (47 percent) of the preschool children were cared for in their homes; not quite a third (31 percent), in someone else's home; a little more than 5 percent, in group care centers; and the remainder, under other arrangements. Some were cared for by their mother while she worked; others —"latchkey children"—cared for themselves.

FILLING THE GAP

The gap has been widening between the number of children of employed mothers and the number of available places in day care facilities. A partial answer to filling this gap lies with industry. While some employers do provide such services and many more have expressed interest in establishing day care centers for their employees' children, there remains an enormous task ahead.

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[6] U.S. Department of Health, Education, and Welfare, Social and Rehabilitation Service, Children's Bureau, *and* U.S. Department of Labor, Wage and Labor Standards Administration, Women's Bureau. Low, Seth, *and* Pearl G. Spindler. "Child Care Arrangements of Working Mothers in the United States." Children's Bureau Pub. No. 461-1968.

CURRENT INDUSTRY DAY CARE PROGRAMS

There are several ways in which industry is involved in child care arrangements for the children of employees. Of particular interest is the variety of approaches utilized, although only a small number of companies and two unions are involved directly and a few others, indirectly.

CENTERS OPERATED BY COMPANIES

There are at least 11 companies operating day care centers for their employees' children. However, when preparation of this bulletin was begun in July 1970 the Bureau had received information on only nine of these: Avco Economic Systems, Dorchester, Mass.; Curlee Clothing Co., Mayfield, Ky.; KLH Research & Development Corp., Cambridge, Mass.;[7] Mr. Apparel, Inc., High Point, N.C.; Skyland Textile Co., Morganton, N.C.; Tioga Sportswear, Fall River, Mass.; Tyson Foods, Inc., Springdale, Ark.; Vanderbilt Shirt Factory, Asheville, N.C.; and Winter Garden Freezing Co., Bells, Tenn. The two companies whose day care programs the Bureau learned about since July 1970 are Control Data Corp. of Minneapolis, Minn., and Bro-Dart Industries of Williamsport, Pa. Brief descriptions of their programs appear on pages 13 and 14.

Types of businesses.—Of the nine companies, five—Curlee Clothing, Mr. Apparel, Skyland Textile, Tioga Sportswear, and Vanderbilt Shirt—manufacture textile products. Avco is engaged in printing and publishing; KLH produces sound equipment; and Tyson Foods and Winter Garden Freezing

[7] The KLH center, now primarily a community-focused and proprietary operation, is discussed as industry focused, which it had been originally.

are food processors. The work forces of most of these companies are predominantly female.

Dates of establishment.—Only one of the companies—Curlee Clothing—established its day care program before 1962. Tioga Sportswear started its program in 1962; Winter Garden Freezing started its in 1967; and both KLH and Mr. Apparel started theirs in 1968. Skyland Textile, Avco, and Vanderbilt Shirt established their programs in 1969. The most recent program is that of Tyson Foods, established in 1970.

Facilities.—All of the day care centers are within, adjacent to, or adjoining the plant facilities. The centers operated by Curlee Clothing, Mr. Apparel, and Winter Garden Freezing are converted residences. The KLH facility is a renovated cold storage warehouse. Tioga Sportswear rents a church school building directly across from the plant. The program of Avco is conducted on the plant's second floor, away from machinery maintained on the basement and first floor levels. The facility used by Vanderbilt Shirt is contiguous to the plant but without entrances into the plant. Skyland Textile and Tyson Foods constructed facilities specifically for their day care programs. The Skyland Textile structure was built so that conversion to manufacturing processes would be possible.

Eligible participants.—Participation in the day care programs of Curlee Clothing, Tioga Sportswear, and Tyson Foods is restricted to employees' children. Skyland Textile, which limited participation to employees' children and grandchildren, began accepting children of nonemployees as of August 1970. The other centers permit children of nonemployees but give preference to employees' children. Vanderbilt Shirt restricts admission to children of working mothers, with preference to children of its employees.[8] Day care is provided to children of AFDC (Aid to Families with Dependent Children) recipients in the programs of Avco and KLH under a contractual arrangement with the Massachusetts State Welfare Department. KLH's contractual arrangements also include the Massachusetts Institute of Technology and individual community residents.

Ages of children.—Most of the centers accept children from 2 to 6 years of age. Tioga Sportswear sets a minimum age of 3 and a maximum of 5. Winter Garden Freezing also has a

[8] This appears to be the only company with this restriction.

minimum age of 3 years; and KLH, 2½ years. Under a special arrangement with the Massachusetts Department of Public Health, Avco may enroll children as young as 3 months.

Capacity and enrollment.—With the exception of Skyland Textile's center, which can accommodate 118 children, the capacity of the centers ranges from 40 to 65 children. Tyson Foods expects to expand its facility to accommodate 100 children if employees' favorable reaction to the program continues.

The centers of only three companies—Curlee Clothing, KLH, and Winter Garden Freezing—are operating at capacity. During school vacation periods enrollment at several centers is much lower because families make other arrangements for their children. To bring overall enrollment closer to capacity, some of the companies permit or plan to permit enrollment of children of nonemployees.

Days and hours of operation.—Mr. Apparel and Skyland Textile operate their programs 5½ days a week. The other companies operate 5 days a week, but occasionally Tyson Foods operates 5½ days a week and Curlee Clothing, 6 days. All centers are open at least 8 hours a day. Six companies operate their centers 10 or more hours daily.

Staffing.—Staffing patterns vary considerably, but all centers have at least three employees. Several companies obtain the part-time services of social workers and health personnel, such as nurses, pediatricians, and psychiatrists, from public agencies. KLH, Skyland, Mr. Apparel, and Tyson Foods each have a director, and Avco has two codirectors. Several programs emphasize the career development of subprofessionals. Skyland Textile has actively sought training opportunities for staff members and was responsible for the establishment of a 72-hour course in child development at Western Piedmont Community College.

Fees.—Seven of the centers charge fees. Curlee Clothing does not charge fees, and Tioga Sportswear charges only 75 cents a day per child for the hot lunch.

KLH, Mr. Apparel, and Vanderbilt Shirt charge considerably higher fees for children of nonemployees than for children of employees. Avco does not make this distinction.

The lowest fee was $1 a day per child in the program of Tyson Foods, but since September 1970 the charge is $1.50 a day. The highest fee is $37.50 a week per child.

Company and location	Number of women employees	Date center established	Facility	Eligible participants	Ages of children
Avco Economic Systems Corp., Roxbury Printing and Publishing Div., Dorchester, Mass.	25-30. (Total employees, 115.)	June 24, 1969	Plant's second floor (plant machinery in basement and on first floor). T-shaped room, partitioned into four classrooms. Floor space is about 2,500 square feet.	Children of employees; children of nonemployees within Roxbury-Dorchester community. Nonemployees' children predominate; 21 percent are from families receiving public assistance.	3 mos.-6 y
Curlee Clothing Co., Mayfield, Ky.	560. (Total employees, 625.)	About 1935	Two-story house adjacent to plant.	Children of employees.	2-6 yrs. (U til 1965, ag limit was yrs.)
KLH Research & Development Corp., Cambridge, Mass.	300. (Layoffs have reduced number.)	July 22, 1968	Renovated cold storage warehouse adjacent to plant. Renovations exceeded cost of $40,000. Floor space is 10,000 square feet. Contains three classrooms, kitchen, large common room used as indoor play area and lunchroom, two toilet areas, health room, and offices. Building leased for $12,000 a year plus utilities.	Children of employees and nonemployees, including those from families receiving public assistance.	2½-6 yrs.
Mr. Apparel, Inc., High Point, N.C.	460. (Total employees, 500.)	Nov. 1968	Separate building opposite plant. Renovated two old homes; glass enclosed on two sides and connected to large room; three large rooms, three bathrooms, kitchen, and office.	Children of employees and, if space permits, children of nonemployees. (Only one nonemployee child currently enrolled.)	2-6 yrs.
Skyland Textile Co., Morganton, N.C.	750 in three plants in Morganton. (About 200 have children eligible for participation.)	July 7, 1969	Separate building adjacent to plant. Floor space is 6,400 square feet. Eight classrooms (bathroom in each classroom), isolation room, kitchen and storage space. Construction cost $98,350.	Children and grandchildren of employees of the three plants in Morganton. Children of nonemployees eligible as of August 1970.	2-6 yrs.
Tioga Sportswear Div., Arnav Industries, Inc., Fall River, Mass.	135. (Total employees, 175.)	July 6, 1962	Rented church school building across from plant.	Children of employees.	3-5 yrs.
Tyson Foods, Inc., Springdale, Ark.	50 percent of work force. (Total employees, 2,200.)	May 18, 1970	Separate building between the two main plants. Square building with classroom portion in L-shape, surrounding kitchen, dispensary, and office. Three partitioned classrooms; floor space is 3,072 square feet. Fenced play yard is 100 by 74 feet. Construction cost about $36,000.	Children of employees.	2-6 yrs.
Vanderbilt Shirt Factory, Asheville, N.C.	306. (60 have children eligible for participation.) (Total employees, 340.)	Aug. 11, 1969	Attached to side of plant. Movable partitions divide one large room; fenced play yard is 80 by 65 feet. Construction cost $56,000.	Children of working mothers, with preference to children of Vanderbilt employees.	2-6 yrs. (censed to children mos.-12 y
Winter Garden Freezing Co., Bells, Tenn.	About 60 percent of total employees at all plants. (No estimate on total number of employees due to seasonal nature of industry.)	Sept. 1967	Two former residences less than a quarter mile from plant. Separate nursery and kindergarten programs but plans are to combine them.	Preference to children of employees and, if space permits, children of nonemployees.	3-6 yrs.

* Since the preparation of this bulletin was begun, the Women's Bureau has learned of two additional companies which operate day care centers.
[1] Cooks and housekeeping staff, where specifically listed by company, are not enumerated on chart.
[2] Because of the relatively short operating spans of most programs and difficulties in determining costs, figures must be viewed as rough outline

COMPANIES OPERATING DAY CARE CENTERS*

er ed	Facility	Eligible participants	Ages of children	Capacity	Number enrolled	Days and hours of operation
969	Plant's second floor (plant machinery in basement and on first floor). T-shaped room, partitioned into four classrooms. Floor space is about 2,500 square feet.	Children of employees; children of nonemployees within Roxbury-Dorchester community. Nonemployees' children predominate; 21 percent are from families receiving public assistance.	3 mos.-6 yrs.	65 children	46	5 days a week. 7:30 a.m.-6 p.m.
5	Two-story house adjacent to plant.	Children of employees.	2-6 yrs. (Until 1965, age limit was 12 yrs.)	45 children	40-45 (Approximately 100 children up to 1965, when school-age children were no longer accepted in order to reduce enrollment, as required for State licensing.)	5 days a week; occasionally 6 day: 7:30 a.m.-5:30 p.r
968	Renovated cold storage warehouse adjacent to plant. Renovations exceeded cost of $40,000. Floor space is 10,000 square feet. Contains three classrooms, kitchen, large common room used as indoor play area and lunchroom, two toilet areas, health room, and offices. Building leased for $12,000 a year plus utilities.	Children of employees and nonemployees, including those from families receiving public assistance.	2½-6 yrs.	60 children	60	5 days a week. 6:45 a.m.-5:30 p.r
	Separate building opposite plant. Renovated two old homes; glass enclosed on two sides and connected to large room; three large rooms, three bathrooms, kitchen, and office.	Children of employees and, if space permits, children of nonemployees. (Only one nonemployee child currently enrolled.)	2-6 yrs.	40 children	36	5½ days a week. 7 a.m.-4:30 p.m.
969	Separate building adjacent to plant. Floor space is 6,400 square feet. Eight classrooms (bathroom in each classroom), isolation room, kitchen and storage space. Construction cost $98,350.	Children and grandchildren of employees of the three plants in Morganton. Children of nonemployees eligible as of August 1970.	2-6 yrs.	118 children	84 (Fewer in summer months.)	5½ days a week. 6:30 a.m.-5 p.m.
962	Rented church school building across from plant.	Children of employees.	3-5 yrs.	50 children	30-40	5 days a week. 7:45 a.m.-4:30 p.
1970	Separate building between the two main plants. Square building with classroom portion in L-shape, surrounding kitchen, dispensary, and office. Three partitioned classrooms; floor space is 3,072 square feet. Fenced play yard is 100 by 74 feet. Construction cost about $36,000.	Children of employees.	2-6 yrs.	50 children (Plans are to increase capacity to 100 children.)	43	5 days a week; occasionally 5½ d 5:15 a.m.-6:30 p.
1969	Attached to side of plant. Movable partitions divide one large room; fenced play yard is 80 by 65 feet. Construction cost $56,000.	Children of working mothers, with preference to children of Vanderbilt employees.	2-6 yrs. (Licensed to serve children 18 mos.-12 yrs.)	49 children	41 (Fewer in summer months.)	5 days a week. 7:30 a.m.-5:30 p.
967	Two former residences less than a quarter mile from plant. Separate nursery and kindergarten programs but plans are to combine them.	Preference to children of employees and, if space permits, children of nonemployees.	3-6 yrs.	50 children	50	5 days a week. 7:45 a.m.-5:15 p.

nen's Bureau has learned of two additional companies which operate day care centers. Their programs are summarized on pages 13 and 14. Data are as of July 1
company, are not enumerated on chart.
programs and difficulties in determining costs, figures must be viewed as rough outlines rather than as definitive statements on costs.

Staff [1]	Fees	Estimated operating costs [2]	Company subsidies
6 employees (2 codirectors, 4 teachers); volunteers from nearby colleges. Emphasis on career development of subprofessionals. State Department of Public Health provides social worker, nurse, pediatrician, and psychiatrist periodically.	$15 a week per child for first 2 children in family; $10 a week for third child. Fees are the same for children of employees and nonemployees.	$40-$50 a week per child.	Entire initial cost; 44 percent of operating cost, space, utilities, custodial services. (Use of company cafeteria reduces food expense to 90¢ a day per child, including breakfast, lunch, and snacks.)
4 employees, including 2 part-time workers.	No fees.	$1,500 total monthly operating cost.	Entire cost.
Director, 5 teachers, 10 teachers' aides, administrative assistant. Community agencies provide public health nurse, pediatrician, and psychiatrist.	For employees' children fee is $10 a week per child. Balance of $27.50 is paid by company. Fee for children of nonemployees is $37.50 a week per child.	Total operating budget for fiscal year 1969 was $117,244. Principal source of funds was a Children's Bureau grant of $112,118. The Children's Bureau grant for fiscal year 1970 was $147,782.	20 percent of operating cost; services-in-kind estimated at $6,000.
4 employees, including a registered nurse who serves as director and 2 teachers.	$8 a week per child for employees' children; $16 a week for nonemployees' children.	Not available.	Entire initial cost of $15,000; estimated one-half of operating cost; general services.
10 employees, including a director and 7 teachers. Plans are to add another teacher.	For employees' children the weekly fees are $11.50 for 1 child; $18, 2 children; $24, 3 children. For nonemployees' children the fee is $14 a week per child.	$55,000 total operating cost a year. (Expect operating cost to be met through fees, with attainment of full capacity and modification of fees.	Entire initial cost of $114,895; estimated 35 percent of operating cost; secretarial and maintenance services. Subsidy for first year was $32,000.
3 employees, including a former schoolteacher, and a consultant.	75¢ a day per child for hot lunch.	$18,000-$20,000 total annual operating cost.	Entire cost except daily hot lunch.
6 employees (1 director, 1 teacher, 4 teachers' aides).	$1 a day per child. (Was increased to $1.50 a day per child in Sept. 1970.)	Not available.	Entire initial cost; 80 percent of operating cost. (With increase in fees to $1.50 a day per child, expect to meet one-half of operating cost.)
5 employees, including a director and 3 teachers.	For employees' children the weekly fees are $13 for 1 child; $22, 2 children; $29, 3 children. For nonemployees' children the weekly fees are $17 for 1 child; $26, 2 children; $34, 3 children.	$17.50 a week per child.	Entire initial cost; difference between fees and operating cost; general services.
4 employees plus teachers' aides in each program. Use "homeroom mothers" (usually mothers of children enrolled) on field trips.	Weekly fees are $10 for 1 child; $18, 2 children; $25, 3 children.	$750 a year per child.	Entire initial cost of $25,000; difference between fees and operating cost; food cost (company processes vegetables).

0 unless otherwise noted.

Conclusions on value of programs.—Companies reported a number of positive findings in the operation of their day care programs. Almost all reported that recruitment of personnel is markedly improved and absenteeism and labor turnover are reduced. For example, Mr. Apparel reported only one case of labor turnover among employees who utilized the day care program. Vanderbilt Shirt and Tyson Foods felt that because they offer child care services they have been able to attract more steady and dependable workers. In their reactions, Avco and Skyland Textile emphasized the increase in productivity of employees who are using the services. Companies also reported that the program improved employer-employee relations. Several of the companies plan to expand their program or establish additional programs in other plant locations.

ADDITIONAL CENTERS OPERATED BY COMPANIES

Control Data Corp.—This company operates a child care center in conjunction with its Northside Manufacturing Facility, which is located in an economically depressed area of inner-city Minneapolis. The center was opened in August 1970 in a former school building one block from the plant.

The capacity of the center is about 100, and as of the end of November, enrollment was approximately 15. It is anticipated that future growth will be substantial since Control Data plans to emphasize hiring women heads of households from the economically depressed neighborhood. The center is open 5 days a week from 6:30 a.m. to 5:30 p.m. Staff includes two professional teachers and some paraprofessionals, and is supplemented by experienced educational consultants. The center is designed to provide social, educational, and physical development of the children.

Parents pay on a sliding scale based on their ability to pay. Fees range from $5 a week to the full cost depending upon net family income. The company subsidizes all additional costs. (Information on the total cost of operation was not made available.)

Day care was deemed a necessary service in order to attract and retain the large number of female heads of households who characterize the community. Employee turnover and absenteeism during the first 18 months of Control Data's opera-

tion in this community had been high, and research indicated that inadequate child care was a significant contributing factor.

Bro-Dart Industries.—This company provides to libraries a variety of products, such as books, equipment, and library supplies, as well as extensive professional services, including cataloging. About 70 percent of the 1,500 employees in the company's three plants in Williamsport, Pa., are women.

In early 1970 the company opened a child care development center for both its employees' children and children in the community. The center is in a former residence a few blocks from the main plant. Children from 3 to 6 years are accepted, and school-age children are admitted in the summer months. Capacity of the center is 44; as of early December, six children of employees and 10 community children were enrolled.

The center is open 5 days a week from 6:30 a.m. to 5:30 p.m. The center director is assisted by a supervisor and an aide for each group. A firm fee schedule has not been developed yet.

CENTERS INVOLVING UNIONS

Baltimore Regional Joint Board, Amalgamated Clothing Workers of America.[9]—This board and the 70 employers in its area of jurisdiction have spearheaded the day care movement. Their first center, with a capacity of 240 children, was opened in September 1968 in Verona, Va. The second center, opened the latter part of 1969 in Baltimore, can accommodate 300 children. The Chambersburg, Pa., center, with a capacity of 300, opened in September 1970, and the Hanover, Pa., center, with a capacity of 80, opened in October 1970.

The Baltimore center is open 12 hours a day, from 6 a.m. to 6 p.m. The other centers are open 10 hours a day, inasmuch as they are located near the parents' places of work. All centers are open 5 days a week.

Each center is staffed with specialists in the areas of teaching, health care, and dietary planning and preparation. A health clinic is a key part of each center. Every child gets a preenrollment physical examination and immunizations at no

[9] The centers are described in "The Facts: the Problem: the Solution" and "Venture in Child Care." Baltimore Regional Joint Board, Amalgamated Clothing Workers of America, AFL-CIO, Baltimore, Md.

charge, and a daily health check by a full-time registered nurse. The centers offer educational, social, nutritional, and health services.

The program is designed primarily to guide the children into many opportunities for physical, mental, and emotional development as a foundation for formal education. The ultimate goal is to serve more than 2,000 preschoolers in the geographical jurisdiction of the Baltimore Regional Joint Board.

The working mother or, in some cases, the father, who is the prime user, pays a token fee of $5 a week per child. Centers are financed by employer contributions to a jointly managed special fund for the creation and operation of these facilities.

Chicago Joint Board, Amalgamated Clothing Workers of America.[10]—The Amalgamated Child Day Care and Health Center was opened in Chicago as a pilot project in March 1970. Enrollment is restricted to 3-, 4-, and 5-year-old children of union members. The center's capacity is 75, and enrollment in mid-October 1970 was 50. It is open 5 days a week from 6 a.m. to 5 p.m. The staff includes a director; teachers; assistant teachers; a secretary, who also serves as an aide; a volunteer who serves as a teacher aide; a part-time psychiatric social worker; pediatricians; and a dentist.

The center is designed to give the children maximum opportunities for intellectual, social, emotional, and physical growth. As part of the regular program, children receive complete physical and dental examinations and followup treatment.

There are no fees. The center is financed by the Amalgamated Social Benefits Association fund which is employer contributed and union administered. Cost per child is estimated to be $2,000 annually.[11]

The board plans several more centers in the Chicago area to be located near the large factories in which their members work.

United Federation of Teachers.—An early childhood program is part of the United Federation of Teachers contract

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[10] The center is described in "The Union and the Day Care Center." The Amalgamated Child Day Care and Health Center, Amalgamated Social Benefits Association, Chicago, Ill.

[11] Later information in an article in the January 1971 issue of *Child Welfare* gives the cost as $2,800 a year.

with the New York City Board of Education.[12] The program is designed to provide care and education to children of teachers returning to teach in poverty area schools and to children of residents in the community. At least 50 percent of the children must be from families whose income falls below the poverty line as defined for eligibility of public assistance or free lunches. Up to 50 percent can be children of mothers returning to teach in schools in poverty areas. (In early 1970 these children constituted less than 10 percent of the enrollment.) Enrollment in the early part of 1970 was 285 3- and 4-year-olds in 14 centers. The funds come from city tax levies, and the annual cost per child is $2,632, not including costs for administrative or supervisory personnel or for space.

The Department of Health sets standards and provides medical personnel for these programs. There is active parent and community participation.

Joint labor-management trust funds.—A 1969 amendment to the Labor-Management Relations Act of 1947 (Taft-Hartley Act) permits employer contributions to joint labor-management trust funds for the establishment of child care centers for preschool and school-age dependents. The amendment provides that the establishment of such trust funds is entirely voluntary—that no employer or labor organization is required to bargain on the creation of such funds.

CENTERS OPERATED BY HOSPITALS

The health care industry has been a forerunner in the provision of child care services. Since World War II, hospitals have taken the lead in establishing day care centers for the children of their employees.

To gather information on the extent of child care facilities operated by hospitals in their effort to recruit and retain personnel, and to learn how useful these services might be in helping to meet anticipated health personnel needs, the Women's Bureau conducted a questionnaire survey in 1968. The questionnaire was sent to about 3,000 hospitals with 100 beds or more and a few smaller hospitals known to operate day care centers.

Of the nearly 2,000 hospitals that responded, 98 were oper-

[12] This program is described in "The Children Are Waiting." Human Resources Administration, New York, N.Y. July 1970.

ating child care facilities for use of their personnel.[13] In addition, nearly 500 hospitals were either considering or indicated an interest in such a program, 22 had plans to start one, and 12 were making surveys to determine the extent of personnel interest. The 98 centers were located in 35 States. There were 50 in the South, 27 in the North Central area, 11 in the Northeast, and nine in the West. The location of one hospital was not shown.

Nine of the centers were established between 1945 and 1955, and 87 were established in the subsequent 13 years. Two hospitals did not report the date their centers were established.

The centers had accommodations for nearly 3,700 children. Almost half enrolled school-age as well as preschool-age children. About one-third of the enrollees were less than 3 years old. More than half of the centers were open 7 days a week, and about half operated between 9 and 16 hours a day. One center was open 24 hours a day. While all but six hospitals charged fees, most subsidized their centers.

Hospitals indicated that providing adequate child care facilities for their health personnel was beneficial to both employers and employees. They reported that these services had been helpful in recruiting and retaining needed nursing personnel, resident doctors, and other health workers. Other advantages included the availability of some personnel for full-time instead of part-time work or for overtime, the facilitation of shift rotation, and a reduction in absenteeism. Many users had stated that knowing that their children were well taken care of and could be checked on when necessary was a fringe benefit they would not exchange for a job transfer that offered a promotion but no day care.

CENTERS FOR CHILDREN OF FEDERAL EMPLOYEES

Recently several agencies of the Federal Government became involved in day care services. Two give substantial financial support to day care centers for employees' children; a third provides space for a center operated by employee organizations.

Department of Labor.—A center for preschool children of Labor Department employees was opened in October 1968 in

[13] A full report of the survey is given in "Child Care Services Provided by Hospitals." Bull. 295. Women's Bureau, Wage and Labor Standards Administration, U.S. Department of Labor. 1970.

a renovated portion of the first floor of a Government office building a few blocks from the Department of Labor headquarters. It is open 5 days a week from 7:30 a.m. to 5:45 p.m.

In the first year of operation, minimum age for the 30 authorized enrollees was 2½ years. Half of the enrollees were children of new employees who would not have been able to accept employment if low-cost child care were not available, and half were children of other employees at various grade levels. Fees ranged from $1 a week for families with annual incomes of less than $4,000 to $25 a week for those with incomes of more than $15,000.

For the second year of the program the authorized enrollment was increased to 60, minimum age of the children was lowered to 19 months, and the maximum fee was raised to $30 a week for those with incomes of more than $17,000.

Annual cost per child at the Department's center is about $1,900. A nonprofit organization operates the center as an experimental, demonstration, and pilot project under authority of title I of the Manpower Development and Training Act. It has been allocated funds for a third year.

The center aims to foster the development of the child intellectually, physically, emotionally, and socially. There is active parent participation.

Department of Agriculture.—In May 1968 a day care center with a capacity of 19 children was opened at the Plant Industry Station, Research Center, Beltsville, Md. It is operated under the sponsorship of two employee organizations—Plant Industry Station Employees' Association and Agricultural Research Employees' Association. Parents pay the operating costs through fixed daily and weekly fees. Children receive preschool training and health care, as well as a meal and snacks. A nurse from the Department's health unit is available. The hours of operation—7:30 a.m. to 5 p.m.—are geared to employees' working hours.

Department of Health, Education, and Welfare.—This center for employees' children, opened in February 1971, receives substantial financial support through an experimental and demonstration grant. A child care training program for AFDC mothers is included. The center has a capacity of 60 children 2 to 5 years old. It is open 5 days a week from 7:30 a.m. to 6 p.m. Parents pay on a sliding scale from $1 to $30 a week per child.

ALTERNATIVE ROLES FOR INDUSTRY INVOLVEMENT

Direct establishment and operation of day care centers is just one way some businesses may participate in day care. For others, alternative patterns of involvement may be more feasible in view of the nature of their work force, locale, financial structure, employee benefits, expertise, and other factors. Some of these roles are described here.

LEADERSHIP-CATALYST ROLE IN THE COMMUNITY

Businesses can serve as leaders in presenting the need for day care facilities to members of the community and as catalysts in establishing them. In the process, business resources such as organizational ability, imagination, training capacity, and administrative know-how can be applied. Executive talent can be used, for example, in arranging mortgages, negotiating contracts, and procuring materials. One notable example of such leadership resulted from the initial efforts of a company in Benton Harbor, Mich.

The Twin Cities Area Child Care Centers, Inc., was created as a result of a meeting led by the Whirlpool Corp. and a group of businessmen representing about 25 industries in the Benton Harbor-St. Joseph, Mich., area.[14] They formed the Area Resources Improvement Council in 1967 to carry out a wide range of community improvements. After the need for day care centers was determined, a committee was set up to estab-

[14] For more information, see "Twin Cities Area Child Care Centers, Inc." Twin Cities Area Child Care Centers, Inc., Benton Harbor, Mich.

lish a community day care center. Whirlpool did not put cash into the program. It did, however, assign responsibility for establishment of the center to a group vice president and used the expertise of several company departments—research, law, personnel, insurance, real estate, display, printing, and public relations. Funds for land purchase, construction, equipment, and instructional materials were provided by private contributions. Much of the equipment at the center was donated directly by business firms and individuals.

The first Twin Cities area child care center (three more are planned) opened in September 1969. There are 80 children aged 2½ to 6 years enrolled. The center accepts any child in the community who needs day care, regardless of where parents are employed. The fees are $5.70 a day per child, although the cost is higher. For those who cannot meet the charge, the fee is paid from a scholarship fund and from funds available under title IV–B of the Social Security Act.

FINANCIAL DONATIONS

Some companies express leadership through financial donations toward a specific project. For example, Pepsico, Inc., awarded a grant of $25,000 to the Day Care Council of Westchester County, N.Y., to help expand existing day care operations. This was a direct service to a community. Allocations were made to a day care center run by a nonprofit voluntary agency to enable it to convert its 3-hour-day service to a full day care program. An allocation was made also to the Portchester Citizens Anti-Poverty Association to open a second center.

ASSISTING EMPLOYEES TO FIND DAY CARE

The Illinois Bell Telephone Co. has chosen another method for involvement in day care. Employees in need of child care assistance are encouraged to contact one of the company's three day care personal representatives. Parents are interviewed to determine the particular day care arrangement required. Using this information, the staff attempts to adapt existing facilities or create new ones to fill the need.

The company's main thrust toward creating new facilities has been to encourage and assist local citizens to apply for the

State foster day care license.[15] In the first 4 months of the program, which was initiated in April 1970, more than 75 women applied for a license and more than 30 company employees placed their children in the homes. In the first 5 months of the program, 115 employees applied for assistance. Illinois Bell maintains information on the day care facilities within Chicago and consults with the suppliers of the service.

OTHER TYPES OF INDUSTRY INVOLVEMENT

There are other ways in which industry may become involved in child care arrangements. Two of these are granting vouchers to employees for such services and contracting with a day care agency to provide the service.

Vouchers.—Employers may grant vouchers to employees valid for any day care service the employee might elect for the full or partial cost of the service. Although some companies have this under consideration, the Bureau does not know if any employer has initiated the system.

Joint contracts.—In some communities several businesses are joining to contract for day care services because each employs a relatively small number of women workers who need such services. Under a contractual arrangement, the employer can reserve a specified number of slots for the children of his employees in a center. The employer agrees to supplement the fee paid by the employee for the child care service.

[15] Foster day care is care in a home child care facility. Specifically, the Illinois Child Care Act defines "foster family home" as "a facility for child care in a place of residence of a family, person or persons, who receive no more than four children, unless of common parentage, who are not related to such person or persons, for the purpose of providing family care and training for such children."

COSTS OF ESTABLISHING AND OPERATING DAY CARE CENTERS

CAPITAL OUTLAYS

Constructing or renovating a day care center involves more than a token outlay. Among the factors to be considered are location, land acquisition, type of facility, construction materials, requirements imposed by licensing authorities, and extent and quality of component units and fixtures such as kitchens and bathrooms.

Costs of renovating facilities depend upon the type and condition of the existing structure. Experience has shown that church facilities require relatively small renovation costs because they already have many of the features of day care centers, such as kitchens and bathrooms.

In gathering data on industry day care programs, the Women's Bureau did not ask companies to provide information about their capital outlays, although some offered this information. One company reported that costs of renovating a cold storage warehouse to accommodate 60 children exceeded $40,000. Three companies which built day care centers listed construction costs as $98,350, $56,000, and $36,000 with capacities of 118, 49, and 50 children, respectively.

The Department of Labor's experimental day care center, with a capacity of 60 children, initially required $33,500 to renovate a building formerly used for storage and without most of the features necessary for a day care center.

Over the past few years various sources have been consulted and the consensus estimate for total capital outlay has been approximately $2,000 per child. In some areas costs are much higher.

OPERATING COSTS

Companies were asked to indicate operating costs. The seven companies responding gave information in a variety of ways, such as weekly or annual cost per child, total monthly or annual operating costs, and total annual operating budget. The two weekly costs per child given differed considerably—$40 to $50 for Avco but only $17.50 for Vanderbilt Shirt. Curlee Clothing listed its total monthly operating cost, based on an enrollment of 40 to 45 children, as $1,500. Of the companies giving annual operating costs, Winter Garden Freezing showed $750 per child; Skyland Textile estimated its costs as $55,000 for an enrollment of 84; and Tioga Sportswear's costs were $18,000 to $20,000 for an enrollment of 30 to 40 children. KLH reported its total operating budget for fiscal year 1969 as $117,244 for an enrollment of 60 children.

Nationwide, day care operating costs vary considerably with arrangements and the areas being served. Costs also depend upon levels of standards as they relate to the emphases given to child development, with custodial and developmental aspects on opposite ends of the continuum. A range of $1,000 to $2,800 or more annually per child has been reported.

Table 3, composed largely from the Head Start experience, indicates cost variations by type and quality of day care arrangements in 1967.

Table 3.—Cost of Day Care, by Standard

Type	Standard		
	Minimum	Acceptable	Desirable
Group day care (Generally used for 3- to 5-year-olds.)	$1,245	$1,862	$2,320
Before and after school and summer care. (Generally used for 6- to 13-year-olds.)	310	653	653

SUBSIDIES

All of the nine companies reported that they subsidized part or all of the operating costs of their child care facilities. To be realistic, companies planning such facilities should expect to subsidize them at least in part.

TAX ALLOWANCES AND EXEMPTIONS FOR DAY CARE

ALLOWANCES FOR BUSINESSES

For those businesses which provide day care services and those which plan to start such operations for their employees' children, it is of considerable importance to clarify the matter of possible tax deductions.

The Internal Revenue Service (IRS) has furnished some general guides in determining whether expenses relating to certain types of industry day care involvement are deductible. Specific rulings, however, can be issued only when all details for each situation are made available to the IRS.

1. In responding to the query regarding entitlement of businesses to tax deductions as "ordinary and necessary" business expenses for the establishment and operation of day care programs for children of employees, the IRS advised that to be deductible as a trade or business expense, under section 162 of the Internal Revenue Code, an expenditure must be both ordinary and necessary in relation to the taxpayer's business. Section 1.162-10 of the Income Tax Regulations allows as an ordinary and necessary business expense amounts paid or accrued by a business for recreational, welfare, or similar benefits, designed to attract employees and promote greater efficiency among its employees.

The IRS indicated that it would appear that the establishment of day care programs is designed to effectuate these purposes and, under these circumstances, would be considered deductible business expenses.

2. Where a company establishes and operates a day care program as a gratuitous benefit for children of its employees,

the IRS pointed out that section 162 of the code permits deductions for all ordinary and necessary expenses incurred in a taxpayer's trade or business. The determination of whether a given expense meets the "ordinary and necessary" test must be made on the basis of all of the facts and circumstances presented in that case. Where it can be shown that expenses incurred by a business in connection with the day care of children of its employees are incurred to increase employee morale and productivity, and to reduce employee turnover, such expenses would be incurred in the conduct of the employer's trade or business and, thus, would be deductible under section 162 of the code.

Where the day care centers are established for children of nonemployees, the question of deductibility must also be determined on the basis of all of the facts and circumstances of the case. In those cases where it can be demonstrated that the expenditures incurred in connection therewith will produce business benefits commensurate with the expenditures, such expenditures are deductible under section 162 of the code.

3. Where businesses make contributions to organizations for the establishment and operation of day care programs, the IRS noted that section 170 of the code provides for the deductibility of charitable contributions made to organizations described in that section.

In the absence of a binding obligation on the part of the charitable organizations involved to perform services for the taxpayer, contributions or gifts made by businesses to or for the use of qualifying foundations and public and private agencies to establish and operate day care programs, which are within their charitable purposes, are deductible as charitable contributions in the manner and to the extent provided by section 170 of the code. The term "contributions or gifts" includes gifts of money or property. To the extent that unreimbursed expenditures for services rendered to such organizations are not business expenses, they may be charitable contributions.

4. Public Law 91–86 amended the Labor-Management Relations Act to permit employer contributions to joint trust funds for establishment of child care centers for dependents of employees. The view of the IRS regarding tax deductions for such purposes is that the standards and criteria for deter-

mining the entitlement of a taxpayer to a deduction, as indicated in the first two answers, are equally applicable to contributions to trust funds established under Public Law 91–86. Thus, while an employer may be precluded from exercising control over amounts deposited with a trust established under Public Law 91–86, this factor will not change the character or determine the deductibility of contributions to the trust.

ALLOWANCES FOR USERS

Of special importance to the user of day care services offered by his employer is whether such benefits are taxable.

In responding to specific questions, the IRS stated that:

1. Section 61 (a) of the Internal Revenue Code states, in part, that, except as otherwise provided, gross income includes all income from whatever source derived, including but not limited to compensation for services.

Section 1.61-2(d) (1) of the Income Tax Regulations provides that if services are paid for other than in money, the fair market value of the property or services taken in payment must be included in income.

One of the unique problems in applying section 61 of the code is determining whether an employer has provided an employee with a benefit which should be equated with gross income when the employee has been relieved of a personal expense which he would otherwise incur if the employer had not provided the service at a reduced rate or free of charge. Inherent in such a determination is the question of value of the service. The IRS further indicated that it is impossible to generalize to any degree of certainty on questions of this nature.

However, to the extent that general principles can be established, where an employer provides a service without cost to the employee that would have to be purchased from a purveyor of this service, the employee is required to include the value of the service in his gross income. If a good faith attempt is made to value the service based on comparable fees for such service or the financial capability of the employee to provide the service on his own behalf, the IRS stated that it will generally not question the determination made in this regard. However, where the employee is charged a nominal amount for the service provided by the employer, the IRS will consider

such factors as the income level of the employee and the value of the service to the employee; that is, whether the employee would normally incur a lower or higher expense if he purchased the service from other sources. If the facts indicate that the employee has, in effect, been given an opportunity to secure the service at a bargain rate because of the employer's general policies of providing facilities for the goodwill and contentment of his or her employees, the IRS will normally not require the employee to include an amount in gross income.

2. These principles would be equally applicable whether the child care facilities were available to employees only or to nonemployees on a limited basis. Also, the criteria would not change basically if the employer contributed to a trust fund for the purpose of establishment of child care centers for the children of his employees.

3. If most of the children receiving the benefits of the child care centers were those of nonemployees, IRS would probably treat the centers as community service projects of the sponsoring corporations. The requirement for admission, priorities, and other conditions would have to be considered to ascertain whether the free or subsidized services are of a compensatory nature to the parents involved. If the center were operated similar to a public library or public recreation facility, the IRS would not require a taxpayer to include an amount in gross income as a result of using the facility. The same approach would apply to a community-oriented day care program to which the employer contributed. Assuming that the program was controlled by the community and the employer was not entitled to any special quotas or voice in the operation because of his contribution, the latter arrangement probably presents the clearest example whereby the taxpayer would not realize income when he availed himself of the child care services.

If participants in a program have gross income to report under a specific arrangement, they may be entitled to certain income tax relief under section 214 of the code.

Section 214 of the code provides generally for a deduction for child care expenses to the extent of $600 for one child or a maximum deduction of $900 for more than one child under age 13 by a woman who is gainfully employed. However, the deduction may be limited to a lesser amount if the woman is married and the combined income of her and her husband exceeds $6,000.

EXEMPTIONS FOR NONPROFIT ORGANIZATIONS

Where a nonprofit organization has been formed by an industrial company to operate a day care center for children of needy working parents who have no means to provide care for their children during the day, and the organization opens enrollment to members of the community rather than restricting it to employees of the company, the organization may obtain an exemption under 501 (c) (3) of the code. This section provides for the exemption of organizations organized and operated exclusively for charitable or educational purposes. Even though an organization considers itself within the scope of this Revenue ruling, it must (in order to establish exemption under section 501 (c) (3) of the code) file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization.

HISTORICAL DEVELOPMENTS IN INDUSTRY DAY CARE PROGRAMS

Few publications have been issued describing the development of industry-sponsored day care programs. There is no one source for authoritative information. It appears that the involvement of industry, with the exception of the health industry, was minimal before World War II.

In 1854 the Nursery and Child's Hospital in New York City permitted employed mothers who had been patients in the hospital to leave their children under the care of nurses. Similar programs were initiated in 1858 in Troy, N.Y., and in 1863 in Philadelphia.[16]

PRE-WORLD WAR II PERIOD

Clothing plant.—A men's clothing plant in the South started the first industry-operated day care facility which has come to the attention of the Women's Bureau. The company operated its center for about 50 years before closing it in June 1970. A number of persons currently associated with the company were beneficiaries of the services during their childhood.

The program in this southern plant was conceived when management discovered that many of its employees' children were sleeping on rag piles within the workplace because of lack of day care. The center was restricted to employees' children, and for a number of years enrollment in excess of 100 was reported. In addition to the care of preschool children, after-school care for children 6 to 12 years old was, at one time, provided.

[16] U.S. Department of Labor, Women's Bureau: "Employed Mothers and Child Care." Bull. 246. 1953.

With the exception of a 30-cent charge for lunch, assessed in the last 2 years of the center's operation, the company assumed all costs of the program. During the summer school vacation, teenage children of employees served as volunteers.

When the center closed, an estimated two-thirds of the company's 1,300 employees were women. However, several factors contributed to the company's decision to end the program. State regulations with respect to floor space required a significant reduction in the enrollment (from 48 to 15 children), with the change to a new day care facility—a residential building—across from the plant. An employee morale problem was feared if selection was made of a small number of children from the total wishing to avail themselves of the services. Further, other day care centers had been established within the community.

Curlee Clothing Co.—This company, located in Mayfield, Ky., has operated a day care center for more than 30 years. The center may have started with the company's formation in 1929, although records cannot confirm this. This center is still in operation.[17]

John H. Swisher & Son, Inc.[18]—Cigar manufacturers with headquarters in Jacksonville, Fla., this company dedicated its "King Edward Nursery" on September 26, 1939. The program operated until 1965.

The program's establishment followed a company review of employee benefits. It was concluded that parents of preschool children were carrying an "unnecessary burden of worry and strain." The intention, as expressed by Carl S. Swisher, company president and general manager, was to provide a "modern, sanitary center, devoted to improving the health of the youngsters in an atmosphere conducive to their mental well-being and their greater happiness." The approximate initial cost of the center was $50,000.

During the war years, 75 children were accommodated in the center which, with its fenced-in roof playground, occupied 21,000 square feet of floor space. The program was restricted to employees' children 14 months to 6 years of age, and children were accepted for either of two shifts for 5 days a week.

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[17] This company's program is discussed in the chapter beginning on page 8.

[18] "Personnel Problem Is Solved by New Industrial Nursery." In *Institutions Magazine*, vol. 13, no. 2, August 1943.

Monthly operating costs were estimated at $1,800, with more than five-sixths subsidized by the company. Under the assumption that parents would prefer to make a contribution, a fee of $2 a week was assessed for each child.

By offering child care services, the company was able to retain personnel although tight labor conditions were prevalent during wartime. In an early assessment of the program, Mr. Swisher stated:

> The benefits to the individual employee and to the management have been most satisfying in terms of mutual relationship and also there have been unforeseen and immediate gains in higher efficiency, lower costs, and greater productivity.

Those associated with the program reported that a followup of participating children revealed that their school adjustment was significantly better than that of their nonparticipating counterparts.

As the program evolved, an enrollment of 150 children was reached. Company subsidies for the program varied between $45,000 and $60,000 a year. The company terminated the program because a limited number of employees in one factory were benefiting from the service.

WORLD WAR II PERIOD

Industries were particularly dependent upon the recruitment of large numbers of women workers as men were being drawn from civilian employment into the military service. Married women constituted the country's greatest labor reserve. More than 3 million married women entered the labor force from 1940 to 1944.

Lanham Act.—For a 2½-year-period during the war, Federal funds were made available to the States under the Community Facilities Act, commonly referred to as the Lanham Act, to provide day care for the children of women workers in defense industries. Approximately $52 million were allotted to the States before the program was terminated in February 1946. The peak utilization of the program was reached in July 1944 when an enrollment of over 129,000 children was reported. It has been estimated that 550,000 to 600,000 children received care at some time under this program. About 60 percent of the children receiving services were of preschool age.

Employers testified that the program had great value in reducing absenteeism and turnover in their plants.

However, these centers for preschool and after-school care were not industry sponsored; more than 95 percent of them were operated by educational agencies.[19] Fees were on a sliding scale based on family income.

Kaiser Shipbuilding Corp.[20]—Public programs for day care were supplemented by a few child care programs of defense plants. The most extensive wartime day care operation of a company was that of the Kaiser Shipbuilding Corp., a predecessor of Kaiser Industries Corp. Kaiser maintained two day care centers in Portland, Oreg.—at the Swan Island Shipyard and the Oregon Shipbuilding Corp.—from November 1943 to September 1945. The centers were managed as a department within the corporation.

Funds for constructing and equipping these centers were provided by the U.S. Maritime Commission. The centers, located at the shipyard entrances, were open 7 days a week, 24 hours a day, 364 days a year. The day and swing shifts had large enrollments, but the night shift involved small numbers of children. Children enrolled were 18 months to 6 years of age. School-age children were admitted on weekends and school holidays. Within the first year of operation, the centers enrolled more than a thousand children. The centers served more than 4,000 children during their operation.

At each center, staff consisted of a director, teachers and assistant teachers, nurses, social workers, and nutritionists. Children received breakfast and lunch and, as a result of studies concerning needs of working mothers, a special home food service program was inaugurated. While not utilized widely, this service allowed a mother to pick up a take-home dinner from the center kitchens at the end of a work shift.

The company's net costs were $2.37 a day per child; 84 percent of expenditures went for staff. Fees were set at $5 a week for the first child and $3.75 for each additional child in a family. Inasmuch as the contractual arrangement with the Federal Government was on a cost-plus-fixed-fee basis and the centers were considered business expenses, the Federal Government was subsidizing the centers.

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[19] See footnote 16 on page 29.

[20] KLH Child Development Center, Inc., Cambridge, Mass.: "A Proposal To Establish a Work-Related Child Development Center." May 1967.

POST-WORLD WAR II PERIOD

A Women's Bureau publication reports that there were 17 industrial nursery schools in operation in 1950, but the individual company names were not provided.[21]

In addition to the previously discussed centers operating in the sixties, an industry-sponsored day care center was started in July 1965 by Rochester Clothes, Inc., of New Bedford, Mass. An estimated 80 percent of the company's 250 employees were women.

The program for employees' children 3 to 6 years of age was completely subsidized by the company. It received enthusiastic endorsement from management because employee absenteeism dropped from 10 to 15 percent down to 3 percent with the establishment of the program.

Adjacent to the plant and operating from 7:30 a.m. to 4:15 p.m., the center was licensed for 100 children, but enrollment never exceeded 48. Operating costs were estimated at $8 to $10 a week per child. In a followup of children who had been in the program, management found that school adjustment was facilitated by the preschool experience.

The company was sold in late 1968, and the new ownership discontinued the program in March 1970 when the facility leasing commitment expired.

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[21] See footnote 16 on page 29.

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